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NEWS BRIEFS

Menu inflation hits six-month high

WASHINGTON — Menu inflation rose to a six-month high in March but continued a two-year trend of lagging behind the rate of increase for grocery prices, the Bureau of Labor Statistics reported in its monthly consumer price index.

Food away from home costs, a broad gauge of U.S. menu prices, rose 4.9 percent in March, while food at home, or grocery-store prices, rose 7.5 percent in unadjusted, year-to-year comparisons.

Menu prices rose three-tenths of a percent faster than in February, when a 4.6-percent year-to-year increase was clocked.

But on supermarket shelves, annualized inflation dropped from 8.3 percent and 8.1 percent in February and January, respectively. The change is primarily due to produce prices, which stabilized somewhat after two months of big increases spurred by the December cold wave, which destroyed Southern crops.

From February to March, food away from home rose 1 percent, while grocery store prices receded two-tenths of a percent, the bureau reported.

Sizzler slaps Chicago franchisee with countersuit

CHICAGO — Sizzler Restaurants has asked the federal district court to kick the chain's third-largest franchisee out of the system in a lawsuit charging breach of contract and trademark violations.

One month earlier the licensee, FBN Food Services, had filed a suit seeking $25 million in damages from Sizzler, franchisor of the 590-unit steak-house chain bearing that name. The suit charged Sizzler with using fraudulent means to weaken FBN's businesses and regain rights to the Chicago market.

In its countersuit Sizzler claims that FBN violated licensing agreements for the 21 restaurants it operates. Sizzler is seeking unspecified damages and a court order barring FBN from operating Sizzler units.

Moreover, the Sizzler breach of contract and trademark suit said FBN has not paid its royalty or advertising contributions to the company.

Ex-Four Seasons chef returns to RA

NEW YORK — Joseph "Seppi" Renggli, executive chef at the landmark Four Seasons restaurant until late last month, has rejoined Restaurant Associates as executive chef of The Sea Grill and The American Festival Cafe at Rockefeller Center.

Renggli, who was replaced at the Four Seasons by sous chef Christian Albin, originally joined Restaurant Associates back in 1966 as chef at New York's La Fonda del Sol. He later served as supervising chef for the company until 1973, when he left to join Tom Margittai and Paul Kovi in their acquisition of the Four Seasons from RA.

Renggli is expected to start in mid-June.

USDA prohibits Japan beef import

WASHINGTON — The U.S. Department of Agriculture has thwarted efforts to import Kobe beef, a strong-tasting, heavily marbled meat that is popular in Japan.

Department officials said they rejected a New York restaurant's request to import the meat because of substandard conditions within Japan's slaughterhouses.

The Old Homestead had sought to add Kobe beef to its menu as a way of differentiating the landmark from other New York steak houses. Other restaurants have also expressed an interest in featuring the Oriental delicacy.

The meat, which is named for the Japenese city of Kobe, is typically served in small but high-priced portions.

Little Caesars to open outlets in K mart stores

FARMINGTON HILLS, Mich. — Little Caesars Enterprises has inked an agreement with K mart Corp. to develop eight outlets within K mart stores.

The test outlets, slated to be opened at four Michigan and four Georgia K marts within three months, will be located near the stores' entrances and will operate during K mart's normal store hours. From 9 till 10:30 a.m., the Little Caesars operations will serve breakfast pizzas, muffins and danishes. The regular menu, including pizza by the slice, sandwiches, salads, ice cream and yogurt, will be offered the remainder of the day.

Court kills Prop. 65 exemptions

SACRAMENTO, Calif. — A Superior Court judge has ruled that foods currently approved by state and federal health authorities are not exempt from the warning requirements of California's Safe Drinking Water and Toxic Enforcement Act of 1986.

The referendum measure, known as Proposition 65, requires businesses to warn customers about a wide range of potentially cancer-causing agents, which are found in virtually all food products in at least trace amounts. But state regulators had exempted previously approved foods and drugs pending scientific revues by health experts.

Judge Ronald Robie struck down the exemption in response to a suit brought by a coalition of labor and environmental groups. The state Department of Health and Welfare has appealed his ruling, but a hearing date is indefinite.

"I suspect we're going to have to do a great deal more than post a generic warning" if the ruling stands, said Jo-Linda Thompson, government affairs director for the California Restaurant Association. "If . . . the exemption is invalid, then everything in restaurants would have to be labeled."

Marriott inks contract feeding pact for Japan

TOKYO — Marriott Food and Services Management has entered into three-way venture with Royal Co. Ltd., a restaurant and bakery operation here, and Sumitomo Corp., a global trading company based here, to begin contract feeding services in Japan.

According to a Marriott spokesman, the contract-feeding troika will initially focus on securing business and industry foodservice clients but will eventually expand its account portfolio to education and health-care markets. He added that the first account is expected to begin operations before the end of 1990.

Scheduled to be incorporated in June, the initial investment for the agreement will be 200 million yen, or about $1.25 million. Of the $1.25 million outlay, Royal will finance 45 percent of the capital, Marriott 35 percent and Sumitomo 20 percent.

Japan's first publicly traded restaurant concern, Royal operates about 300 Royal Host family restaurants and several franchised Burger King and El Pollo Loco units in the Hawaiian Islands plus retail and airport catering businesses.

Sumitomo Corp., a diversified trading conglomerate with 141 offices in 85 countries, distributes business and consumer products.

Texas operator blocks McDonald's new hamburger

LAKE JACKSON, Texas — A local hamburger chain said it has secured a temporary injunction preventing McDonald's from selling a new product called the Texas Homestyle Burger.

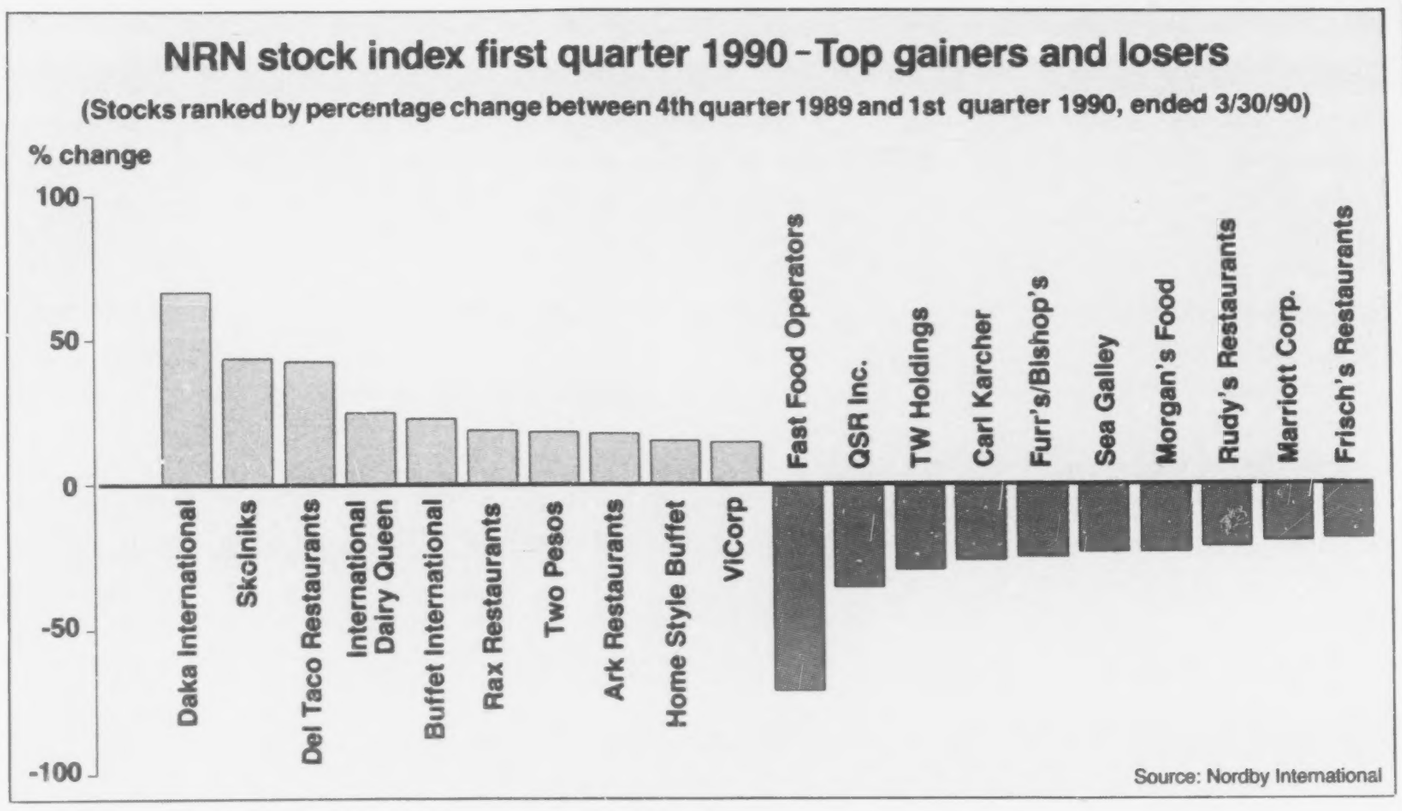
The chain, a seven-unit operation called Red Top, said the sandwich would be confused with its Texas Style Burger, which the operation has featured for 17 years.

McDonald's could not be reached for comment.

Richard Cox, Red Top's owner, said he is suing to permanently block McDonald's from selling the Texas Homestyle Burger in Brazoria County, which is about 30 miles south of Houston. He is also seeking all profits from the burger and related items, such as french fries and drinks, sold in Brazoria County. The trial is scheduled to begin June 4.

He described McDonald's offering as a quarter-pound hamburger served on a 4-inch bun.

FINANCIAL NEWS



Restaurant stocks lose 11% in 1st Q but gain year to year

by Milford Prewitt

NEW YORK — Stung by Wall Street worries over general economic conditions, restaurant stocks are losing some of their luster.

The Nation's Restaurant News Stock Index — a market-weighted measurement of 65 issues and the sector's broadest such monitor — lost 28 points, or 11 percent, ending the first quarter March 30 at 211.88

Meanwhile, the Dow Jones Industrial average lost 1.7 percent, the New York Stock Exchange Composite dropped 4.2 percent and the Standard & Poor's 500 Index slipped 3.8 percent.

Market watchers blamed the declines on investor concerns over the corporate debt levels, the fiasco in the junk bond market and rising interest rates.

However, in annual comparisons between the first quarters of 1989 and 1990, the picture is a bit more bullish for restaurant stocks.

> Market watchers blamed the declines on investor concerns over the corporate debt levels, the fiasco in the junk bond market and rising interest rates.

The NRN Stock Index rose 42 points over the year-ago period for a 31-percent rise in value, nearly twice as high as the best of the major stock indexes' year-to-year performance, the Dow Jones Industrial Average, which rose 18 percent.

The quarter's slump came after a full year in which the NRN index scored an impressive gain, rising 77 percent while the Dow Jones Industrials rose 47 percent. So analysts were not worried by the latest performance.

"The group has been firm and had predictable earnings," said Roger Lipton, an analyst with Ladenburg, Thalmann & Co. Inc. "By and large they are still in a solid position, and it is a pretty healthy segment.

"I don't think the first quarter is evidence of a downward trend as much as it reflects good stock performance among those companies that are following good fundamentals [in their business operations] and poor results from those companies with sloppy fundamentals."

In all, 24 restaurant stocks

*(See **RESTAURANT**, page 56)*

FOOD PRICE OUTLOOK

Pork, ham prices to remain high

by Patt Patterson

Pork and especially **ham** prices used to fall after Easter. However, smart marketing by pork producers has evened out a lot of the dips in demand.

Pork has been positioned as "the other white meat" in competition with chicken. And it's leaner, so housewives are again including it on their menus.

But the big push has been in the foodservice market. Restaurants, except for Oriental places and rib houses, had just about dropped pork from their menus over the past decade or so.

The product is now making a comeback, and the increased demand, both from retail and foodservice, combined with a smaller on-the-farm inventory (down 2 percent), is propping prices up, with no signs of any immediate decline.

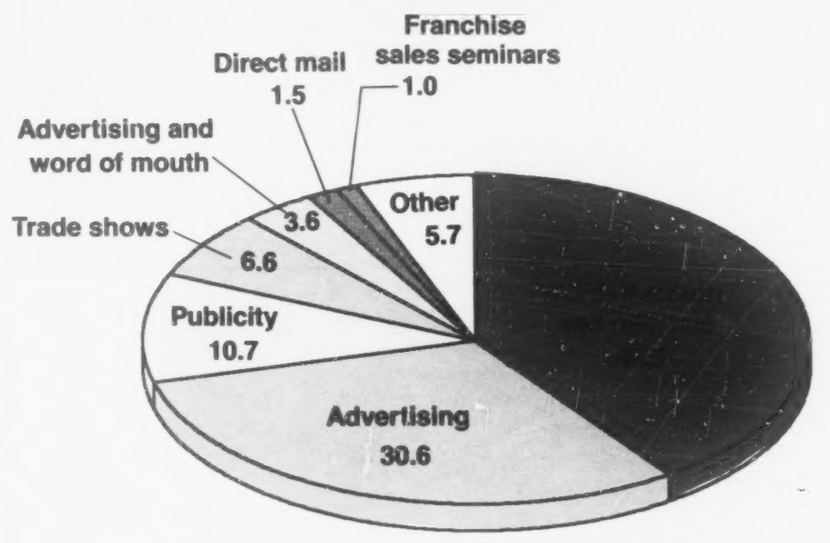
Don't expect downward price pressure on hams from imports. Import stocks are low, and the rate of shipments to this country are continuing to run well below normal, especially those from Poland and Yugoslavia, which are having production troubles.

Some observers believe that the Gulf **shrimp** catch, due to start in May, will be lower than normal this year, with repercussions in pricing.

That impact is less these days because of the large quantities of shrimp being imported. China is still a low-priced leader, with Mexico's No. 1 white at the high end, followed by Ecuador and Peru. Prices are expected to remain fairly stable through at least midsummer.

Iceberg lettuce prices are expected to stay low through May. There are ample San Joaquin crops, and the Salinas and Santa Maria areas in California are gearing up for major production.

FACT FILE



FINANCIAL DIGEST

Hardee's completes Roy Rogers buyout

ROCKY MOUNT, N.C. — Hardee's Food Systems Inc. has completed its $365 million acquisition of 648 Roy Rogers restaurants from the Marriott Corp.

The transaction enables Hardee's to add Roy Rogers' chicken-on-the-bone menu, thereby becoming the first major burger chain to challenge the chicken chains with fried chicken. Hardee's is testing the chicken at an outlet in Rocky Mount.

A division of Imasco Ltd., Hardee's will convert the 363 company-owned Roy Rogers units on a market-by-market basis, beginning in the Baltimore area. The company wants to persuade Roy Rogers franchisees to convert to the Hardee's system.

Hardee's said it would honor all existing Roy Rogers franchisee agreements. Roy Rogers restaurants will continue to have its headquarters in Rockville, Md.

In an unrelated development, Richard Hall, the executive vice president and chief financial officer of Peoples Drug Stores, will be joining Hardee's in a similar capacity, effective June 1.

Cooker ESOP cleared for stock buys

COLUMBUS, Ohio — Cooker Restaurant Corp. said the company's employee stock ownership plan has been cleared to purchase as many as 500,000 shares of the company's stock from time to time.

Cooker said in a statement that the company's current trading price levels of its stock make it an opportune time for the ESOP to purchase stock.

Cooker has about 11 million shares outstanding. In recent trading, its stock closed at $3.38 a share. The share price has been as high as $5.13 in the past 52 weeks.

Cucos 2nd-Q net income jumps 47%

METAIRIE, La. — Despite accelerated food costs from a Southern cold wave in December and less traffic at its restaurants, Cucos Inc. reported a 47-percent increase in net income, to $40,246 on revenues of $2.9 million, a 4-percent increase, for its second quarter ended Jan. 14.

Cucos, which owns and operates 10 of the chain's 31 units, enjoyed a 33-percent increase in net income for the first six months of its fiscal year, to $134,613 on revenues of $6.3 million, a 3-percent jump.

Revenues at TCBY rise 25% in 1st Q

LITTLE ROCK, Ark. — Increased expansion of both company and franchisee units led to a 25-percent increase in TCBY's first-quarter revenues, to $30.6 million, and a 13-percent jump in net income, to $3.2 million, for the period ended Feb. 28.

Frank D. Hickingbotham, chairman of the board and chief executive officer, attributed the results to increased franchisee and company-operated stores that came on board during the quarter.

But same-store sales decreased 8 percent, largely ascribed to the cold weather the chain's units experienced in the South during December. The company operates 148 of the chain's 1,665 units. TCBY is looking to open 400 company units during its fiscal year.

NCS completes debt swap

HOUSTON — National Convenience Stores Inc. said it had completed an offer to swap a new issue of convertible, exchangeable preferred stock for its outstanding convertible debentures.

A total of $32 million, or 64 percent, of the company's 9-percent convertible subordinated debentures due Dec. 1, 2008, wasexchanged for 224,371 shares of new $14.38 convertible exchangable preferred stock.

COAST TO COAST

New England survey: Business down in '89

by Paul Frumkin

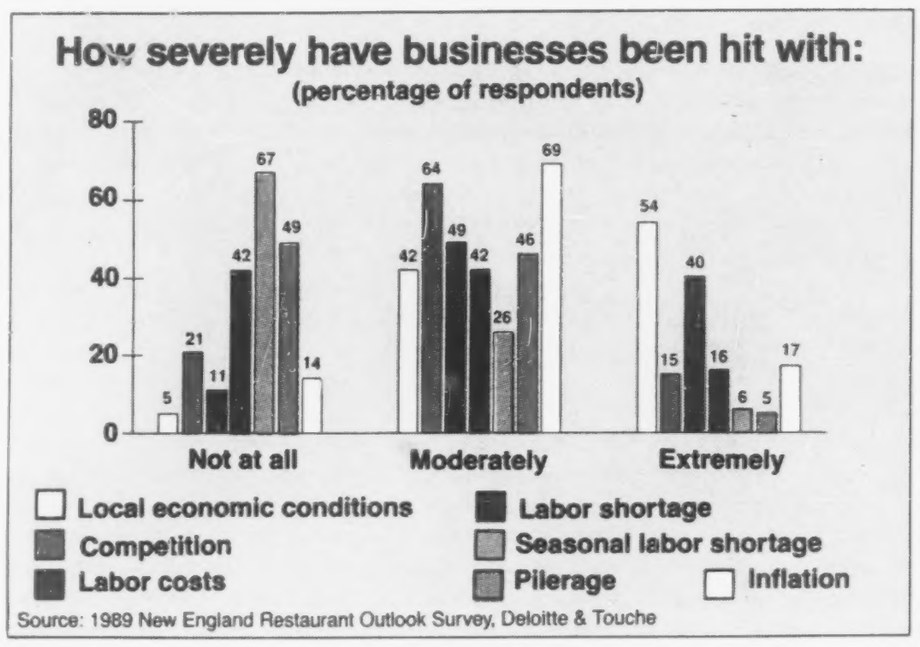
BOSTON — Nearly three-quarters of New England food-service operators polled in a recent study said they had suffered an earnings decline in 1989 compared with the previous year's results.

That was one of the findings of the 1989 New England Restaurant Outlook Survey, which is published by Deloitte & Touche of Boston, a consulting and accounting firm.

Of the 70 percent of the respondents who reported a decrease in net income, most cited a downturn in the local economy, 54 percent, and increased labor costs, 40 percent, as the major factors affecting their bottom lines.

Consequently, 65 percent

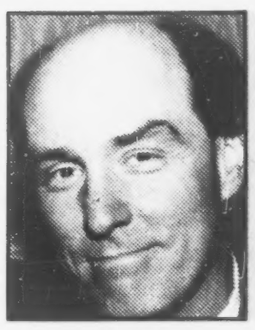
*(See **STUDY**, page 46)*



Source: 1989 New England Restaurant Outlook Survey, Deloitte & Touche

Southeast pizza indies find new ways to make 'dough'

Lorenzo Amato and Pete Vavaroutsos will never quit working 14-hour days. But like lots of other immigrants from Italy and Greece, they're sick and tired of beating their pizza dough against a stone wall.



SOUTHEAST REPORT

JACK HAYES

Getting pinched and rolled over by home delivery and by the coupon-waving competition in Tallahassee, Fla., and Atlanta, these tough, never-say-die independents are nevertheless saying goodbye to their favorite pieces of pie.

"I'm the King of Pizza, but I'm not doing pizza anymore," says 43-year-old Amato, who made the Guinness Book of World Records for the 100-foot, 1-inch diameter pepperoni monster he built in the Tallahassee suburbs in 1987.

Amato has actually rolled out two world-class pizzas — not to mention 28 restaurants — in the 20 years since he opened Tony's on the Coney Island side of Brooklyn, N.Y. But the fiery Amato has sold or closed the last of his pizzerias to focus on Cafe di Lorenzo, a trattoria he opened in Florida's capital eight years ago.

"I advise people to stay as small as possible and in one location," says Amato, whose signature is grouper Fradiavalo at $13. His fried eggplant and stuffed mushrooms at $2.50 and $3.50 are gobbled by the office crowd that hits Cafe di Lorenzo for lunch and weekday dinner.

"Yes, this town is good to us," adds Amato's oldest son, James, who claims dinner stays at 400 covers a night during the busy legislative months of April and May. Lorenzo's average check is $9.13 , not including beverage.

Amato isn't worried about his future. Although he hasn't served a free salad since tomatoes hit $45 a case with the December freeze, he's planning to start again when The Olive Garden opens, less than 2 miles away.

"My tradition will live on with my sons; that's how a family restaurant survives," says Amato, who made waves in upstate New York years ago when he put a reproduction of Michelangelo's classic statue "David" near the entrance to his pizzeria. Eager to turn life's lemons into lemonade, he slid a pair of boxer shorts over David's naked bottom to silence the city's prudish critics. To this day, Amato's logo is the mighty profile of David's face.

"Humor and entertainment get you a long way," Amato says, grinning.

Humor is the force that helped Pete Vavaroutsos back in 1962. He opened Bella Pizzeria in Queens, N.Y., six months after he landed in America with only $4 in his pocket. By the time he hit Atlanta's north suburbs in 1979, Vavaroutsos was also being called the King of Pizza. To a thousand New York transplants who craved hard, thin crust, red pepper and oregano, Pete was an overnight hero.

"I talk with my hands; I do everything with my hands," gestures Vavaroutsos, who was one of the first operators in the Atlanta market serving calzones and Greek salads in a Napolitana and Sicilian pizzeria called Mama's.

Yet even Vavaroutsos' talented hands can't toss pizza and deliver it at the same time. Despite the loyalty of patrons, home delivery operators continue wheeling aggressively into his business. And local coupon competition stays hot enough to melt his Mozzarella.

But things will grow cooler for Vavaroutsos in June, when he kisses his pizza ovens goodbye and goes to work in his brand-new Italian Ice factory operating under the name Bella Fresca.

A year and a half ago, right after he started mixing and serving Italian ice at Mama's, Vavaroutsos began turning other restaurants on with best sellers like cherry, blue raspberry and watermelon. "This is a dream I've had since the beginning," he says.

Like Amato, Vavaroutsos also has a son named James. And his James has begun to call on potentially big Italian ice operators, such as Walt Disney World and The Olive Garden.

A market virtually exploding now for Italian ice is health care. Since ice has 60 calories per 5-ounce cup and no cholesterol or fat, hospital nutritionists prescribe it for patients who can eat snacks, James Vavaroutsos reports.

His father will be pushing out 750 gallons of Italian ice a day when his three machines get cranking. And this week he's introducing a new flavor: Georgia Peach.

"Sometimes," he says, pointing to James, who is scooping a cup of Italian ice for a customer, "the baby grows up and swallows the father."

REGIONAL BRIEFS

Cha Cha Cha spawns Prado

LOS ANGELES — Toribio Prado, chef-owner of the popular Cha Cha Cha, has launched Prado, a diminutive restaurant featuring a similar Latin-Caribbean cuisine.

Decorated with an antique hutch, chandeliers and a baroque ceiling mural of clouds and angels, the 38-seat Prado features prawns in a pungent black pepper sauce, a New York steak smothered in sautéed onions and house-made pastries, including *tarte Tatin* and lemon-walnut cake. Entrées, priced from $9 to $16, come with black beans, rice, yucca fries and pan-fried plantains.

Toribio Prado still heads the kitchen of his flagship operation, near the eastern end of Melrose Avenue, while his brother, Javier, is chef at the new Larchmont Boulevard restaurant. Both men are veterans of the trendy Ivy restaurant on Robertson Boulevard, where Toribio Prado was head chef.

Culinary Gold Cup competition set

EVANSTON, Ill. — Twelve chefs will compete May 21 at Kendall College Culinary School in the American Culinary Gold Cup Bocuse D'Or.

The winner will receive the Gold Cup, valued at $5,000 and an expense-paid trip to France to represent the United States in the 1991 Bocuse D'Or competition. The sponsor of the American competition is Le Vatel Club du Midwest, an organization of French-speaking chefs. The finalists are David Burke, The River Cafe, Brooklyn, N.Y.; George Bumbaris, Ritz-Carlton Hotel, Chicago; Paul Cunningham, Le Cirque, New York; Kurt Fleischfresser, The Coach House, Oklahoma City; Todd Hall, L'Auberge de Sedona, Sedona, Ariz; Edward Janos, Chez Raphael, Novi, Mich.; Christopher Koetke, Le Français, Wheeling, Ill.; Peter McGinley, Hotel Nikko, Chicago; Rick Moonen, The Water Club, New York; Tamara Murphy, Dominique's Place, Seattle; Bryan O'Connor, Christopher's, Phoenix; and Brian Polcyn, Pike Street Restaurant, Pontiac, Mich.

Tia's targets Tarrant County

DALLAS — Tia's Inc., operator of eight Mexican restaurants in Dallas, plans to open three new units in neighboring suburbs of Fort Worth during the next year.

Led by chief executive officer Larry Lavine, Tia's plans to open its first Tarrant County restaurant in Arlington, Texas, in June. The Arlington Tia's will be one of the chain's larger units, with seating for 200 inside and 40 on a patio.

The first Tia's opened in Addison, Texas, in 1984. Lavine joined the company in 1987. The restaurants feature a variety of Tex-Mex dishes with prices ranging from $3.95 to $8.95. According to published reports, the company is projecting revenues of $16 million in 1990.

New Jersey considers no-smoking bill

TRENTON, N.J. — Bergen County Assemblywoman Elizabeth Randall is sponsoring a bill in the state Assembly that, if passed, would require restaurants with more than 80 seats to set aside up to 60 percent of the seats for non-smokers. Currently, the state law only requires that restaurants post a sign indicating whether they have a non-smoking section.

Meanwhile, the New Jersey Group Against Smoking Pollution and the state chapters of the American Cancer Society and the American Heart Association are continuing to urge a total ban on smoking in restaurants.

Andrew's owner plans Trio

TALLAHASSEE, Fla. — A prominent downtown operator in this Florida Panhandle city will take to the suburbs in July with a 185-seat pizza-pasta-grill called Trio near the intersection of Thomasville Road and Interstate 10.

"I feed the north side people on weekends and special occasions, and now I'm going to get into their suburban pocketbooks," says Andy Reis, a winner of 14 consecutive Golden Spoons for his tablecloth operation, Andrew's 2nd Act.

Reis, who also owns Adams Street Cafe, Epicurean Catering and Andrew's Upstairs, says Trio's demo kitchen will showcase a wood-burning pizza oven. His new restaurant will also sell fresh pastas and breads to go. "We'll combine elements of California Pizza Kitchen with The Olive Garden in a neighborhood grill," says Reis, who plans to keep dinner checks at $10.

Eddie Jacks' creator opens new Italian

SAN FRANCISCO — Tim Dale, co-owner and co-creator of the popular Eddie Jacks, and local veteran chef Donna Nicoletti, formerly of Greens and the Atrium, have teamed up to develop Undici, an Italian restaurant in the South of Market neighborhood.

Mitchell Weiss, of Cabinet Masters Inc., is Dale and Nicoletti's partner in the 80-seat restaurant, which opened earlier this month in the space formerly occupied by Taxi Cafe. "Undici" is Italian for 11 and refers to the restaurant's 11th Street address.

Dale says Nicolleti's menu features Southern Italian-style foods inspired by family and "old-world" recipes and includes Sicilian fennel sausage and globe artichokes stuffed with Parmesan cheese and bread crumbs. Appetizers are priced from $3 to $5; entrées, from $7 to $14.

NEWS

Sysco taps Donelson as Virginia prexy

HOUSTON — Chuck Donelson has been appointed president of Sysco Food Services of Virginia Inc.

SFS is a subsidiary of Houston-based Sysco Corp. resulting from the consolidation of HFP-Sysco Food Services Inc. of Harrisonburg, Va., and Theimer-Sysco Food Services in Roanoke, Va.

Thomas E. Lankford remains chairman of the combined companies. Zane D. Showker, president of HFP-Sysco Food Services, has been named chairman emeritus. Officials said the company would continue to service customers for both locations.

East Bay operators support CountyMeals-On-Wheels

BERKELEY, Calif. — County Meals-On-Wheels will benefit when nine of Alameda County's best-known restaurants team up to present "Five Star Night" May 7 at the Sedona Grill here.

Up to 200 people will be seated for the special six-course meal of foods, such as deep-fried catfish fingers with spicy orange mayonnaise, Rio Grande roasted bass with vinaigrette of tomato, toasted garlic and arbol, and Burgundy-poached plums with cinnamon parfait and sabayon. Tickets are $200.

Participating restaurants are Bay Wolf, Cafe Pastoral, Chez Panisse, Christopher's Cafe, Fourth Street Grill, Kimball's East, Lalime's, Paloma Oyster Bar & Restaurant and Sedona Grill. Corporate sponsors include Clorox, A.T. & T., Samuel Merritt College and Merritt Peralta Medical Center.

According to organizers, the seven organizations comprising County Meals-On-Wheels deliver hot, nutritious meals to 1,600 homebound people five days a week.

Survey: New England business down in '89

(Continued from page 18)

of the operators polled said they have no plans to expand their businesses during the next three years.

While 55 percent of those operators polled noted that they had experienced no change in the intensity of competition between 1988 and 1989, 40 percent reported that competition had indeed increased.

For the future, however, 51 percent of the respondents predicted that competition would worsen in their areas, while an additional 28 percent forecast no change. Only 21 percent said they believed that competition would improve.

More than half of the respondents, 52 percent, said that the key factor in profitability in 1989 was the control of all expenses. Another 21 percent cited increased sales as being essential for improved margins, while 18 percent believed that the control of labor costs would increase profits. Only 4 percent said successful advertising played an instrumental role.

Despite concerns about rising labor costs, most New England operators polled said they were only moderately affected — 42 percent — by the dwindling labor pool, while another 42 percent reported that it had no effect at all on them. Only 16 percent, in fact, said that the labor shortage posed a major problem to their operations.

In general, though, the majority, 54 percent, of the respondents reported having to pay increased wages to get help these days. Another 14 percent said they have had to devise incentive pay schemes and another 20 percent now offer increased benefits to bring in good hires. Eighteen percent said they have changed their hiring standards as a result of the labor shortage, and 14 percent reported they are now hiring older employees to fill in gaps.

> No one believed that a minimum wage increase would improve their businesses.

It is not surprising that a majority of those polled, 57 percent, claimed that a minimum wage increase would have an impact on their businesses; 43 percent, however, said that it would have no impact at all. No one believed that a minimum wage increase would improve their businesses.

And, as tastes continue to change, operators are noting an alteration in purchasing habits. A vast majority, 79 percent, observed an increase in chicken sales in 1989, while 68 percent also reported that fish sales rose. In fact, 70 percent of the operators polled saw an increase in the sales of all health-conscious meals last year.

According to the study, 45 percent of New England operators registered a decline in meat sales, 43 percent saw no change and 12 percent said meat sales were up.

Sales of desserts held about even, with 22 percent of the respondents logging sales increases and 25 percent seeing a decline. Over half, 53 percent, registered no change in dessert sales from the previous-year volume.

Those reporting an increase in wine sales, 52 percent, far outstripped operators who said that wine sales had decreased, 15 percent. However, nearly three-quarters of the respondents, 73 percent, saw a decrease in other alcohol sales.

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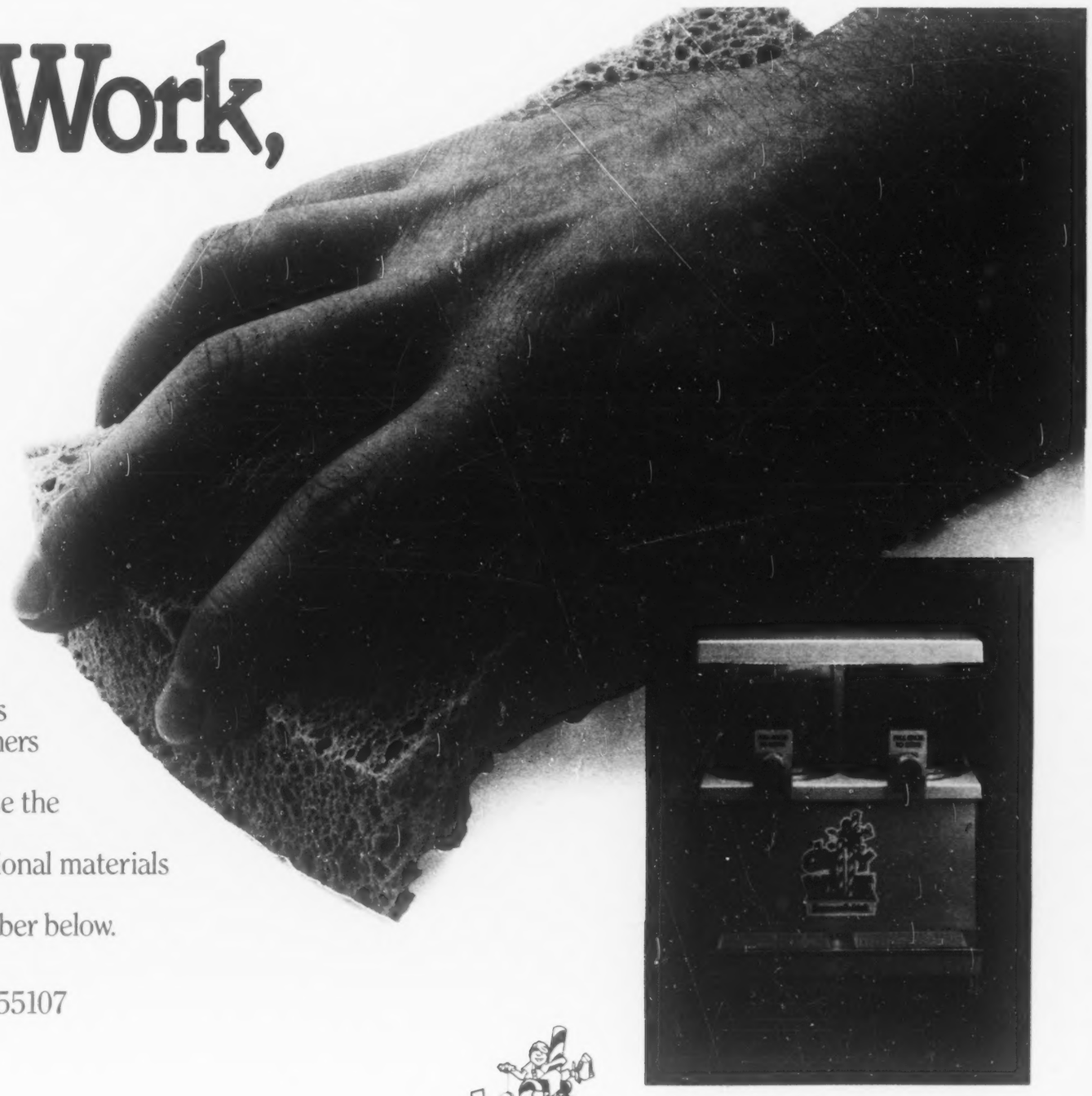

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NEWS

California restaurant boom: Enough is enough!

(Continued from page 1)
nant," particularly in Los Angeles, according to Stanley Kyker, executive director of the California Restaurant Association. He sees the problem of thinner slices from a growing pie rooted largely in the proliferation of competing restaurants. The number of eating establishments in the Los Angeles area alone rose more than 20 percent during the last decade.

The saturation syndrome is exacerbated, Kyker says, by a more aggressive, competitive stance taken by supermarkets featuring service-delis, fresh-fish stalls, in-store bakeries — even drive-thru windows. Mortgage burdens and family formation are also fostering a rediscovery of home-cooking among young marrieds.

Particularly in metropolitan Los Angeles, the nation's largest restaurant marketplace, symptoms of the restaurant malaise are widespread. They range from the vaunted Michael's in Santa Monica, whose once-stratospheric menu prices were recently slashed by one-third to drum up business, to units of the otherwise-booming Sizzler chain, whose 160 Los Angeles-area restaurants last year sustained a decline in average per-store sales from year-earlier levels.

"Southern California is extraordinarily competitive, and in this environment it's hard to see any upticks in customer counts," explains Thomas Gregory, president of Los Angeles-based Sizzler.

Discounting and bargain promotions are rampant among California's fast feeders, coffee shops and dinner houses, with the latter category often hard-hit by an erosion of bar business that shows no sign of subsiding.

"I've been saying [the liquor-sales decline] has bottomed out, or is about to, for five years now," remarks Mike Casey, president of the Irvine-based El Torito chain, whose highest concentration of outlets is in California. With liquor business still on the skids, El Torito is converting some cantina space to dining uses.

The bar-room doldrums can also be measured in the declining value of liquor licenses. The state Alcoholic Beverage Control Department has estimated that the average selling price of existing spirits licenses in Los Angeles County dipped steadily over the past five years, from $37,000 in 1985 to under $23,000 last year. The devaluation may have been propelled by a growing number of restaurant failures and the recycling of their spirits permits.

Over the same five-year period, demand has also steadily slackened for the 25 new liquor licenses the ABC awards by lottery each year in Los Angeles. In 1985, 314 applicants entered the lottery; last year only 161 would-be bar operators vied for the permits.

The saturation-driven restaurant slump is often symbolized by shuttered businesses that sit idle month after month in seemingly prime locations, ones that only a few years ago confident operators would have recycled.

On trendy Melrose Avenue in Los Angeles, the defunct Italian restaurant Bocca stands vacant, while the nearby site of Ashley's — formerly the bustling Silvio — reposes in grim neglect. The once-hot Van Ness Avenue site of the defunct Bubba's BBQ in San Francisco remained untouched for nearly a year before its recent recycling.

"I'm now, for the first time in years, seeing restaurants closing and turning into hardware stores," says Laurence Mindel, chairman of San Francisco-based Il Fornaio Corp., the operator of high-grossing Italian restaurants and bakeries. "It used to be the other way around."

Margins are tighter in California
(per seat medians)

	Calif.	US
Total sales	7,562	4,971
Total cost of sales	2,404	1,732
Gross profit	3,126	3,169

Although sales are higher in California, costs are too, giving the state's operators tighter margins than the U.S. average.

Source: Laventhol & Horwath. 1988 data. Median figures do not necessarily add to totals shown.

Overbuilt conditions are also evident in the way customer traffic seems to have dipped sharply at a host of celebrated, big-ticket restaurants unlucky enough to be located near newer, hotter dining attractions, such as Campanile in Los Angeles and Postrio in San Francisco.

Increasingly, the fickle patronage of trendy diners and value-conscious gourmets is forcing competitors to relax formalities, put on friendlier faces and bite the bullet posed by painfully rising costs. "Downscaling" and "casualization" are the buzzwords humming in the ears of many operators, who raise menu prices only with the utmost caution and strive to maintain high standards even while they implement tariff cuts.

"Quality is the thing in the highest demand," says Michael McCarty of Michael's. "You've got to deliver that whether you're charging $15 or $22 for something."

Meanwhile, entrepreneurs with new concepts continue to enter the crowded field, though sometimes with hollow-sounding references to past glories: a recently issued press release touting a trendy, new restaurant at Los Angeles Harbor boasted in bold-face type of its chef's tenures at three well-known Los Angeles eating places — each of which was closed for lack of business.

Post-earthquake fears that have suppressed tourism have added insult to injury in San Francisco's teeming morass of restaurants. According to a new study published by the accounting firm of Laventhol & Horwath, average gross sales in the city, which has the nation's highest per-capita spending at restaurants, were $330,000 per establishment in 1988 — $210,000 short of the average gross needed to remain in business.

Laventhol's report, California Restaurant Operations 1989, concluded that San Francisco's failure rate for restaurants less than 2 years old now exceeds 50 percent.

Statewide, the report said, sales in restaurants dipped sharply on a per-square-foot and a per-seat basis, from $281 per foot in 1986 to $259 in 1988, and from $8,268 per seat in 1986 to $7,562 in 1988. Over the same period, profits fell from 7.3 percent of sales to 6.8 percent, while net per-seat profit plummeted from $727 to $380, Laventhol reported.

The comparative study of 1988 results, which Laventhol points out is derived from a limited statistical base that may change annually, also concludes that Californians are spending less money in restaurants serving alcoholic beverages. So-called limited-menu and food-only establishments posted higher profits than "full-menu" and "food and beverage" operations, according to the report.

On an upbeat note, Laventhol & Horwath noted that median sales per seat in California restaurants in 1988 were 52 percent higher than the nation's median. The state's median profit per seat was more than double the national figure that year.

"It's not going to be all gloom and doom, but we have reached the saturation point and we're going to have to go to niche marketing," predicts Mark DeDomenico, a California Restaurant Association spokesman. He points to the well-promoted low-calorie items and snack-oriented finger foods of San Diego-based Jack in the Box as an example of niche-marketing tactics that are paying off for the chain in the form of surging sales and steady expansion.

Indeed, some operations defy the saturation-skewed odds against unfettered growth. Jack Goodall, chairman of Foodmaker Inc., the parent company of Jack in the Box, remains confident about his fast-food chain's ongoing enlargement in the face of intensifying market-share battles. "This is going to continue to be a terribly competitive business," Goodall concedes. "But saturation? No way."

Still, the CRA's Kyker believes the restaurant industry needs renewed inspiration to deal with challenges posed by market crowding. He suggests that restaurateurs may be exhausting certain heavily exploited growth channels, including fast-food breakfasts and other menu diversifications.

"Maybe we're not finding some of those new opportunities quite so readily," Kyker says, "and maybe they're not as obvious as they once were."

Remi opens doors in California

(Continued from page 3)
residential Manhattan neighborhood and shine in a booming restaurant district of Santa Monica, where lunch service has been added and a walk-in trade has materialized that accounts for half of all lunch covers and one-fourth of the restaurant's dinner traffic.

Meanwhile, the new higher-volume, downscale Remi format is preparing to surface in New York on heavily trafficked 53rd Street, between Sixth Avenue and Seventh Avenue.

After introducing Remi to Southern California, Tihany and Antonucci will put it in the care of their managing partner, Jivan Tabibian, and chef, Claudio Bonotto. But the work of the concept's founders will remain in evidence.

Antonucci's artistry is already known to local diners from his earlier tenure in the kitchen of Santa Monica's renowned Valentino. Its owner, Piero Selvaggio, helped his former chef reacclimatize by working with him on Remi's menu pricing and wine selections. At Remi, Antonucci reprises his New York repertory, adding flavors and accents that are distinctly Californian.

"In California," Antonucci explains, "I can put a lot more color in my salads, with things like red lentils and Bermuda onions. We don't have those things in New York." Other foods the chef can utilize include baby clams from New Zealand and abalone. "Nobody does abalone in New York," he remarks.

On the other hand, not too many local restaurants offer the style of dishes Antonucci has brought with him from New York, including such appetizers as squid, stewed in their own ink, with creamy polenta ($8); smoked goose "prosciutto" with baby greens ($9); and swordfish carpaccio with *alici* and fennel seed oil ($8).

Best sellers from a list of 10 pasta and rice dishes include fettuccine with grilled sea scallops, garlic and broccoli rabe ($15) and fusilli with radicchio and bacon ($14). Ravioli of fresh tuna and ginger are served in a light tomato sauce ($14), while gnocchi made of beets and potatoes are topped with goat cheese in a butter and sage sauce ($13).

A grilled veal chop with mashed potatoes and mushrooms ($24) is among the most-ordered main courses. Naturally, Remi serves *fegato alla Veneziana*, the Venetian signature dish of calf's liver with onions and polenta ($17). Per-person dinner checks average $35, about $10 less than at the New York restaurant.

Tihany provides abundant visual and environmental touches to complement Antonucci's gustatory offerings. Known for designing such arresting Manhattan establishments as Hubert's and Le Cirque as well as the Bice restaurants in New York, Chicago and Beverly Hills, Tihany has infused the Santa Monica Remi with impressions of contemporary Venice.

"It is a Venetian restaurant," Tihany explains, "but it's transplanted from the Old World to the New — not the Byzantine Venice but the modern Venice."

Remi's floor is boldly striped with Brazilian maple and cherry wood to resemble a boat deck. Overhead, the mood of the canal-laced city is further conveyed by criss-crossed pairs of 17-foot-long gondola oars, set into square, beveled ceiling recessions that conceal room lighting.

The dining and bar area are studded with Tihany's provocative signatures. At one end of the main room, his collection of crimson-colored Venetian glassware is arranged asymmetrically on a round, backlit shelf assembly on the back bar.

Tihany refers to the dining room's circular centerpiece — a tiered, transparent display — as "my world-renowned *grappa* tower." It is used for displaying more than 40 different bottles of the brandylike Italian spirit.

Another illuminated tower, a lighthouselike architectural model, stands in Remi's reception area. Based on a 1930s design by Italian metaphysical artist Giorgio De Chirico, the model was planned by artist Milton Glaser and Tihany and built by a Venetian glass sculptor. Behind the scenes, Remi has a 12-seat wine room designed by Tihany so that he, Antonucci and their friends can indulge with impunity in what the designer calls a "combination of hobby and vice": grappa drinking accompanied by cigar smoking.

While readying the revival of Remi in New York, Tihany is preparing designs for new Bice restaurants in Washington, Miami and Atlanta. He also has restaurant projects in Paris as well as one in Munich, where he will soon work on a casual spin-off of that city's only Michelin three-star restaurant, Aubergine.

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NRN Photo

Perry at Richard Perry Restaurant in the Hotel Majestic. He plans to open a bistro at the original site of Richard Perry.

Perry to launch casual bistro

Plans Midwest menu concept

by Carolyn Walkup

ST. LOUIS — Richard Perry, a pioneer of contemporary Midwestern cuisine, is leaving a management consulting position at Richard Perry Restaurant in the Hotel Majestic to open a bistro on the site of his original restaurant.

Perry's Jefferson Avenue Bistro, set to open in mid-June, will continue his development of Midwestern-inspired dishes but with simpler preparations in a more casual setting.

Anticipated check averages of $20 for dinner and $10 for lunch will be about half of the average at the Hotel Majestic.

Daniel Carbery, the hotel's new food and beverage director, said the decision not to renew Perry's contract there was amicable, and that the hotel eventually would change the restaurant's name. Perry continues to consult on the hotel restaurant's menu for a few more months.

"I was never 100 percent happy downtown," Perry admitted. "I spent more time trying to please the staff than myself."

In the bistro Perry will again devote much of his time to the back of the house, as he did at his old restaurant. The menu will change "all the time," he said.

Opening with 104 seats, the restaurant has the potential to expand to some 300 seats, including an outdoor garden and patio. Guests will be encouraged to come in wearing jeans or shorts if they wish, and the staff will have the option of wearing shorts in the summer.

To help hold down menu

*(See **PERRY**, page 104)*

Immigration reform dies without fight

Fearing charges of bias, business lobbyists shy from political minefield

by Peter Romeo

WASHINGTON — An effort to rescind the immigration law's harsh penalties for errant employers has sputtered and died without drawing even lukewarm support from the business community, which howled in dismay when the sanctions were drafted in 1986.

Business groups attributed the restraint to political pragmatism and a set of circumstances that might have branded proponents of change as admitted bigots.

Employer sanctions fail, studies say

See page 106

In addition, "we have not gotten a lot of complaints from our members about the law being burdensome," said Jill Scheldrup, associate manager of employer relations for the U.S. Chamber of Commerce.

"There's just not a consensus supporting a repeal," said Pamela Sederholm, executive director of the Foodservice and Lodging Institute, a trade group that represents hospitality chains.

The National Restaurant Association and the Chamber of Commerce were among the numerous groups that fought to exclude employer sanctions when the immigration law was written in 1986. The various organizations argued that the

*(See **LOBBYISTS**, page 106)*

Pantera's Ch. 11 plan calls for fire sale of Pizza Inn units

by Milford Prewitt

DALLAS — In a struggle to pull its parent company out of bankruptcy, Pizza Inn plans to sell nearly all 106 of its company-operated Pizza Inn units and function primarily as a franchisor and foodservice distributor.

Pizza Inn said it hopes to make about $14 million on the sale of the restaurants and the liquidation of its real-estate holdings. It noted that the units would be offered to current and prospective franchisees.

Pantera's Corp., Pizza Inn's parent, filed for Chapter 11 bankruptcy protection after failing to come up with an acceptable plan to restructure $35.5 million in debt, most of it owed to two banks that helped finance Pantera's $48 million purchase of Pizza Inn in 1987.

At the time the deal made Pantera's the nation's third-largest pizza maker, with 836 units within its chains.

Pizza Inn had four times as many units as Pantera's and had 10 times the systemwide sales volume.

*(See **PIZZA INN**, page 106)*

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New ideas for seafood, potatoes
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Ever-changing wine lists
Mort Hochstein/Page 25

The two restaurant kings
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A look at Taste of the Nation
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NY TACO ATTACK

Romano plans Texas Tortilla take-out chain in Big Apple

by Tracey Woodard

SAN ANTONIO, Texas — Restaurant innovator Phil Romano is hoping to bring a little taste of Texas to the concrete canyons of New York.

Romano, founder of the Fuddruckers gourmet hamburger chain and, more recently, Romano's Macaroni Grill, is chairman, chief executive officer and part owner of Texas Tortilla Bakery Inc., a public-restaurant company that recently acquired four-unit, New York-based Pesos Inc.

"I want to become the Dunkin' Donuts of the taco business in New York," Romano said from his office here.

*(See **TACO**, page 4)*

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NEWS BRIEFS

Wendy's income falls 45 percent for 1st quarter

DUBLIN, Ohio — Wendy's International's net income for the first quarter ended April 11 plummeted 45 percent from the year-ago tally, to $3.5 million, the company told its shareholders at their annual meeting.

Revenues for the three-month period fell 7 percent, to $241.3 million, executives said.

The nation's fourth-largest hamburger chain has been struggling to regain the sales and expansion momentum that made it one of the fastest-growing foodservice systems of the early 1980s.

Chicago Dining Authority fields offers

CHICAGO — At least two bidders are vying for an equity stake in the Chicago Dining Authority, which operates four restaurants here, including the highly successful Harry Caray's.

However, Harry Caray's apparently would be spun off from CDA and sold to investors.

CDA's owner, Paul Stepan & Associates, said it wants to sell all or most of its restaurant division to concentrate on other interests and to pay down debt. The two known bidders are Management Group Inc. and Burhop's, the city's leading seafood retailer and a partner in CDA's Burhop's Restaurant.

The other eating places affected by a CDA's sale would be Prairie, a Midwestern restaurant in the Omni Morton Hotel, and Red Kerr's, a sports bar and restaurant. A previously announced project, a restaurant partnership with jazz pianist Ramsey Lewis, has been put on hold.

Debt payments spark $35.9M loss for Copeland

JEFFERSON, La. — A. Copeland Enterprises Inc., the parent company of the Church's and Popeyes fried-chicken chains, reported a net 1989 loss of $35.9 million on revenue of $415 million.

Losses were deepened by the $55.6 million in interest payments that Copeland paid Merrill Lynch & Co. and the Canadian Imperial Bank of Commerce. The investment firm and bank helped finance Copeland's $392 million purchase of Church's in March 1989.

In a government filing Copeland also reported that Merrill Lynch had given the company an extra 15 months to pay off a $173 million bridge loan, which matured March 21, and has reduced the loan's interest rate from 18.73 percent to 18 percent. Copeland has also deferred $7.5 million of the 1990 payment on the term loan, owed to CIBC, to be added onto a $48 million payment, due in 1993.

NY association fights bill banning polystyrene

NEW YORK — The New York State Restaurant Association has urged the New York City Council's Committee on Environmental Protection to shelve a proposed bill that would ban the use of polystyrene containers here.

Former NYSRA president Michael O'Neal, owner of the Gingerman and other restaurants in New York, asked the committee to consider recycling as a solution to the city's waste problem instead of banning plastics altogether.

"Make no mistake that banning foam entirely will bring with it substantial economic repercussions for the industries involved," said O'Neal. "Also consider that this move may not be necessary with the recycling efforts now under way in this area."

A test site to recycle polystyrene is currently in operation in Brooklyn. Moreover, an organization composed of seven plastic foam manufacturers is planning to build five regional recycling centers in the next year, O'Neal added.

Bruggemeier opens shop for sous vide

CINCINNATI — Carl Bruggemeier, operator of the Phoenix restaurant and banquet complex here, and Culinary Brands, a Sausalito, Calif.-based supplier, have opened a store here that sells sous-vide meals.

Sous vide is a process by which food items are prepared and then vacuumed-packed in plastic pouches. Sous-vide preparations require only refrigeration for preservation. The selections can be microwaved or reheated in water.

In its first weeks of operation, the shop, called Archer and Adams, has "about doubled" sales projections, Bruggemeier said.

Rivera tapped for committee on education

DALLAS — U.S. Labor Secretary Elizabeth Dole has appointed Richard Rivera, TGI Friday's chief executive, to a blue-ribbon commission seeking to close the gap between education levels and workplace requirements.

The appointment reflects Friday's involvement with educational programs. The chain supports the management programs of the University of North Dallas and the University of Texas at Dallas. Friday's also offers tuition reimbursement to employees seeking high-school diplomas or college degrees.

The secretary's Commission on Achieving Necessary Skills is chaired by former Labor Secretary William Brock. Its members are drawn from the business, labor and education fields.

Shooting erupts at food court; 1 dead, 4 hurt

DUNWOODY, Ga. — The image of safe dining in the suburbs was bloodied by a shooting attack at Perimeter Mall in upscale north Atlanta.

Hundreds of employees and lunch-hour patrons at one of the city's busiest food courts watched helplessly as a man opened fire near the Taco Bell and Wendy's counters, killing one patron and injuring four.

The next day some operators remained nervous about whether the incident would hurt traffic temporarily.

"It's another blow to the safety of eating and working in public," said one manager.

Arby's opens unit at Pilot Oil site

BELLEVIEW, Fla. — Arby's Inc. has opened a restaurant in a Pilot Oil travel center here.

The 2,500-square-foot, 90-seat restaurant, which is adjacent to a gas station and convenience store, is the first under a franchise agreement with Pilot Oil Corp. Three future units are slated for Ohio, Tennessee and Michigan. Arby's previously operated a mobile unit next to a gas station for several months.

Arby's, which also has units at such non-traditional sites as office and campus buildings, said the venture offers a less costly way to open restaurants along freeways.

Dakota's regroups after departures

Severson

DALLAS — Dakota's Restaurants Inc., the management company that operates award-winning Dakota's here and in Boston, has regrouped following the sudden resignation of key operations, administrative and restaurant personnel.

Dakota's has promoted Jim Severson, formerly executive chef of the Dallas restaurant, to corporate chef with expanded operating and marketing responsibility. Former controller Greg Williams has been named Dakota's chief financial officer.

Janet Colgin, formerly operations director at Dakota's, resigned to start up Turntable Restaurant Group, operator of Veni Vidi Vici, a new Italian concept.

Dakota's corporate general manager Jeff Barker, personnel director Jimmy Fell, house manager Mike Donlon and sous chef Scott Blakely all have joined Colgin, who is president of the new management venture.

Social Security tax rollback downed by committee

WASHINGTON — An effort to reduce employers' Social Security payroll taxes has faltered in its first congressional test.

In a vote before the powerful Senate Budget Committee, the rollback proposal drew a "yea" vote from only six of the panel's 23 members. Supporters consisted of two Republicans and four Democrats.

However, Sen. Daniel Patrick Moynihan, who has championed the tax-reduction measure, has indicated that he will bring the initiative before the full Senate by tacking the legislation onto an unrelated spending bill.

FINANCIAL NEWS

Karcher's stock price falls after poor 4th Q performance

by Milford Prewitt

NEWS ANALYSIS

ANAHEIM, Calif — As Carl Karcher Enterprises prepares to unload 40 Carl's Jr. units in Arizona — a market executives blame for the company's worst quarterly loss ever — the company will attempt to bounce back with new expansion and menu diversification.

With equal zeal, Karcher Enterprises expects to complete the systemwide installation of automatic teller machines in all 553 Carl's Jr. units during the year, making it the first chain to give customers the option of having their bank accounts debited when they order.

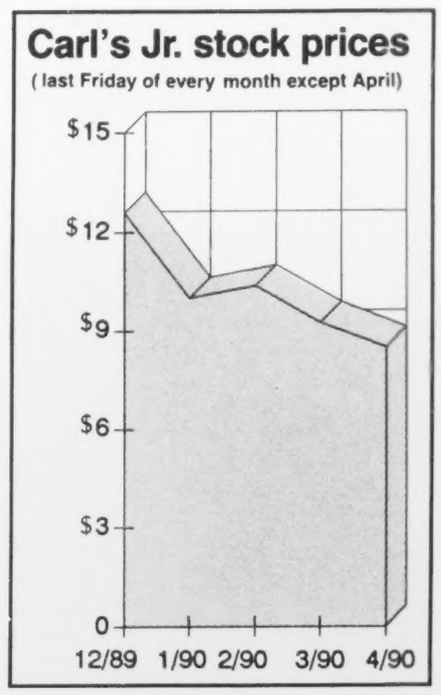
For its fourth quarter ended Jan. 29, Karcher lost $8.9 million, compared with a year-ago profit of $4.1 million. Revenue rose 6 percent, to $118 million.

But the company's annual profit slid 73 percent, to $5.5 million. Karcher Enterprises explained that the loss in profit was largely a result of $14.5 million held in reserve to cover its retreat from Arizona. Annual revenues rose a more vigorous 15 percent, to $511.3 million.

Meanwhile, Karcher's shares have taken a tumble, closing recently at $8.50, 32 percent off its 1989-ending price of $13.50.

Steven A. Rockwell, of Alex. Brown, Balitimore, said that while the restructuring of the Arizona market is a positive development, comparable- store sales and earnings per share "need to improve before the stock's performance picks up."

"The company does have several programs in place that should improve sales and earnings as the year develops,"



Rockwell continued, noting the use of cholesterol-free shortening, the adoption of a "lite" menu and the debit-card program with automatic teller machines in the stores.

Leslie Steppel of Prudential-Bache, said the fourth-quarter results were worse than expected.

"Even on an operating basis, the results were far worse than the 19 cents that we had been expecting (which, when first published, was the lowest estimate on the Street)," Steppel wrote in an alert to clients downgrading the stock. "We no longer have confidence in our $1.05 earnings estimate for fiscal 1991 — again the lowest on the Street before this earnings release — despite assurances by management that such a target remains doable."

Although Karcher has not formally put the stores on the block, shut them down or set any deadlines for pulling out of Arizona, Donald F. Karcher, president and chief operating officer, said the Arizona market is an unprofitable drag on the company, costing annually about $5 million in lost earnings to maintain.

"It has become apparent that the Arizona market does not make economic sense for corporate operations," Karcher said in a statement. "The future investment required would have been prohibitive in view of the expected return.

"Our success in other markets has validated the Carl's Jr. quality concept and market strategies, and we will now focus our resources on our other proven markets."

Karcher Enterprises would like to dispose of the stores through franchising and thereby secure the company's continued market presence. Ideally, the company would prefer franchising to an operator familiar with the market, according to Bob Wisely, who is group vice president of marketing.

What Karcher doesn't want to do is sell the stores off piecemeal, Wisely noted. He conceded that if worst comes to worst, the company might consider exiting the market without a franchise deal, forced to sell out to a concern that may change the concept.

Wisely figures that a franchisee could make a better go of the market because he or she would not have the same costly overhead structure Karcher confronted in having to divide its resources in running not only Arizona units but company stores in more lucrative markets.

Like president Karcher, Wisely disputed the notion that the setback in Arizona and the earlier evacuation from Texas mean that Carl's Jr. cannot succeed outside of California.

"This doesn't alter our growth strategy at all," Wisely

*(See **KARCHER'S**, page 103)*

FOOD PRICE OUTLOOK

Beef prices may drop in late spring

by Patt Patterson

Hooray! Some price decreases are taking place or already have occurred. **Beef** prices are expected to drop later this spring, because there are a lot of cattle in feed lots. However, by the end of summer, at the latest, beef will probably start moving up in price, because recent placements of cattle on feed have been below normal owing to cattlemen holding back animals to replenish their herds.

Broiler production is up, and prices are below last year's. **Egg** prices made their seasonal drop after Easter and are now running about even with last year's.

Brazil is expected to start shipping **coffee**, with good stocks to draw on. Prices should fall, since roasters in this country are now cutting back on purchases and summer is a low-demand period.

Both canned and frozen **green-bean** prices are trending down. Fancy 6/10 cut 4s have dropped from 10 percent to 12 percent over the past 45 days, and prices may continue to slide. Frozen packers have a surplus, not as much as the canners, but prices are dropping for frozen, too.

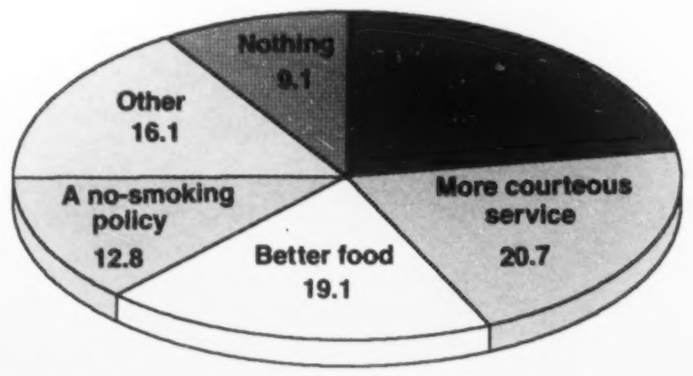
Almond prices are moving down, with greater drops forecast to fall when the big, new crop hits the market. That applies to **pistachio nuts**, too, since this is a big crop year for them. The pistachio crop may break a record. Prices are already slipping.

Red cherry prices will probably stay low. The attempt of the United Cherry Producers Association to get a removal program going to boost prices failed, and the organization is due to be dissolved. Frozen strawberries are coming in from Mexico at a greater rate than was forecast. That should keep prices down, particularly since good supplies are predicted for West Coast berries.

FACT FILE

What diners would like to see at favorite restaurants

(from a survey of 1,000 adults)



Source: Maritz AmeriPoll

FINANCIAL DIGEST

Expansion, efficiencies bolster Shoney's

NASHVILLE, Tenn. — Shoney's Inc. reported that restaurant expansion and efficiency improvements in unit operations triggered a 60-percent increase in first-quarter net income, to $4.7 million, on revenues of $258.4 million, a 7-percent gain, for the period ended Feb. 18.

The company said that the improvements had taken place during a time when it pared down its $585 million recapitalization loan to $390 million and benefited from lower interest expenses from $26.4 million a year ago to $22.6 million for the first quarter.

Same-store sales grew by 4 percent during the quarter.

"These results show our continuing commitment and dedication to achieving outstanding operating results," said Leonard H. Roberts, chairman and chief executive officer in a statement. "They also demonstrate the effectiveness of our increased emphasis on improving same-store sales."

Roberts used the company's quarterly results to restate Shoney's previously announced expansion drive, which the company depicted as "the most aggressive franchising efforts in the restaurant industry." The plan calls for accelerating franchise growth by 500 new restaurants within five years.

At the end of the quarter, the company operated 697 of 1,603 restaurants under the Shoney's, Captain D's, Lee's Famous Recipe Chicken, Pargo's and Fifth Quarter Steakhouse concept brands. In addition, the company operates 55 Shoney's Inns.

Chain expansion boosts Luby's revenues

SAN ANTONIO, Texas — Continued restaurant expansion helped Luby's Cafeterias carve out a 10-percent gain in second-quarter revenues, to $72.9 million, with a 7-percent hike in net income, to $6.9 million, for the period ended Feb. 28.

For the six-month period, the operator of 130 Luby's Cafeterias in the South and Southwest recorded a 10-percent gain in revenues, to $146.4 million, and 7-percent increase in net income, to $14.1 million.

The company has added six new cafeterias during the current fiscal year.

Mullen shelves plan to buy Famous

SCOTTSDALE, Ariz. — Dennis B. Mullen, chairman, president and chief executive officer of Famous Restaurants Inc., has shelved plans to lead a group of investors in acquiring the company.

Mullen told the company's board of directors that, given the generally weak condition of the financial markets, he did not believe he could find the funding.

El Chico cites factors in earnings gain

DALLAS — A combination of factors including tax breaks, menu refinements, a new computer system and improved unit operations contributed to a 9.4-percent increase in net income in El Chico's third quarter, to $151,000, on revenues of $19.3 million, a 6-percent improvement.

For the period ended Feb. 5, the company benefited from reduced tax liabilities and increased margins and franchisee fees.

During the 36-week period that marked the company's fiscal year, revenues rose 6.3 percent, to $59.3 million, with a tripling in three-month net income, to $579,000.

In anticipation of increased labor cost stemming from higher minimum-wage legislation, El Chico has embarked on a campaign to streamline and improve its kitchen operations and has installed a new computer system to give unit managers better control over food costs and labor.

The company operates 57 restaurants, franchises another 27 and operates four theme restaurants.